Canada-Saskatchewan

Strategic Highway Infrastructure Program

2003-2004 Annual Report

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1. Introduction

Canada and Saskatchewan signed the Strategic Highway Infrastructure Program (SHIP) contribution agreement on January 24, 2002. As such, this is the second annual report submitted to the Management Committee by Saskatchewan under Clause 3.7 of the agreement. The Canada-Saskatchewan SHIP Agreement will run through to the end of fiscal 2005.

The development and maintenance of basic infrastructure is a key component of a competitive economy; Canada must have the capacity to move people and goods safely and efficiently. Canada therefore has committed to continue improving its physical infrastructure for the 21st century.

Saskatchewan's economy is dependent on the export of goods and services. Modern transportation infrastructure and logistics services are essential to support trade and growth.[1] Saskatchewan's current transportation system supports a wide range of economic activities from agriculture and food processing to manufacturing, mining, tourism, and a multitude of service industries.

Saskatchewan's economic strategy[2] contains a commitment to invest in key transportation infrastructure; specifically, infrastructure that promotes safety, encourages tourism and promotes economic growth and improves highway links between major centres and the world marketplace. The continuation of twinning on Highway 1 and Highway 16 directly supports this economic strategy.

Meeting Saskatchewan's current and future economic and trade development needs requires continued preservation and enhancement of the transportation infrastructure. Saskatchewan faces some tremendous challenges as the economy competes in the global marketplace. Modern logistics, such as just-in-time deliveries, are key to competitiveness. Associated with these trends is a shift between the relative importance of the two prevailing modes of transportation in Saskatchewan; rail and truck. Rail continues to decline in importance due in part to a decrease in availability, and increases in freight rates. The shift from rail to road is also directly related to changes in the economy, and the movement up the value chain to more high-value, processed goods which require timely and accessible truck service. Jurisdictions that fail to provide an efficient transportation infrastructure severely restrict the competitiveness of producers and suppliers in their region.[3]

The SHIP initiative provides a strategic approach for highway investments toward the goal of sustaining Canada's highway system by promoting infrastructure improvements that have a high potential of productivity returns. The SHIP is designed to support trade, tourism and investment in Canada; sustain strategic investments in all parts of the country to reflect regional needs; make the Canadian highway transportation system more reliable, efficient, competitive, integrated and a leader in the use of transportation and information technologies; and improve the quality of life of Canadians by promoting safer and more environmentally sustainable transportation[4].

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[1] *Transportation Trade Corridors* – Saskatchewan Highways and Transportation, January 2002
[2] *Partnership for Prosperity* – Saskatchewan Economic and Co-operative Development, 2001
[3] *Macroeconomic Performance and Public Highway Infrastructure*, Transport Canada, 1996
[4] Schedule A of the Canada-Saskatchewan SHIP Agreement, January 2002

2. General Overview of Results

Canada and Saskatchewan funded four highway construction projects under SHIP in fiscal 2003, and commenced three regional planning studies. The construction projects included two projects on Highway 16, and two projects on Highway 1 west of Swift Current (referred to as Highway 1 West). Two of the planning studies will be conducted in the Saskatoon Area, along Highway 16 between Saskatoon and Clavet and at the intersection of Highway 7 & 14. The third planning study focuses on Highway 1 between Regina and Balgonie. Locations of the projects are illustrated in Figure 1.

Highway 1 (Trans-Canada Highway) and Highway 16 (Yellowhead Highway) are part of the National Highway System (NHS) in Saskatchewan. These highways span Saskatchewan from east to west and connect to the Trans-Canada and Yellowhead highways in Manitoba and Alberta. These highways are well-used commuter roads around the cities of Saskatoon, Regina, Moose Jaw, Lloydminster, North Battleford and Swift Current; and are the major inter-provincial trade corridors in Saskatchewan. There are also numerous communities and attractions along these routes.

Saskatchewan's SHIP projects are primarily twinning projects. Twinning not only increases traffic capacity but enhances safety by reducing head-on and side-swipe collisions. A recent study[5] comparing collision statistics on a section of Highway 16 for a period of five years before and after twinning shows a 55 percent reduction in accidents. The analysis shows that twinning reduces the fatal collision rate by 86 percent.

The decision to twin a highway is not based on reducing collision rates alone; but overall enhancement of mobility and transportation efficiencies, trade and economic development, and sustainable transportation. All of these measures will improve immensely with the completion of the SHIP projects in Saskatchewan.

Economic research has established that investments in highways can generate significant productivity growth. Some studies suggest that a 1 percent increase in highway capital stock could generate up to a 0.6 percent increase in private sector productivity, and that highway investments can provide annual returns of 10 to 40 percent.[6] Productivity gains are achieved through supply chain enhancements, which can only be achieved through the provision of road infrastructure of adequate capacity and quality to ensure efficient, reliable, and expedited trucking services.

Saskatchewan's SHIP projects will have a significant impact on provincial and regional trade. Saskatchewan is a trade-dependent province, with a two-way trade value in excess of our total Gross Domestic Product. Figure 2 illustrates that over 10 million tonnes of various commodities at a value of $34.69 billion,[7] are transported over SHIP projects on Highway 1 and Highway 16 alone. This is more than the provincial trade value,[8] demonstrating how efficiency improvements to these routes impact the regional economy.

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[5] Saskatchewan Highways' collision analysis of Highway 16 between North Battleford and Saskatoon identified a 55 percent decrease in the five-year collision rate after twinning.

[6] *An Overview of Transportation Infrastructure and Services in the Northern Great Plains*, Northeast Midwest Institute

[7] Analysis of the 1999 National Roadside Study

[8] Saskatchewan's two-way trade in 1999 was $30.6 billion – *Transportation Trade Corridors*, Saskatchewan Highways and Transportation, January 2002

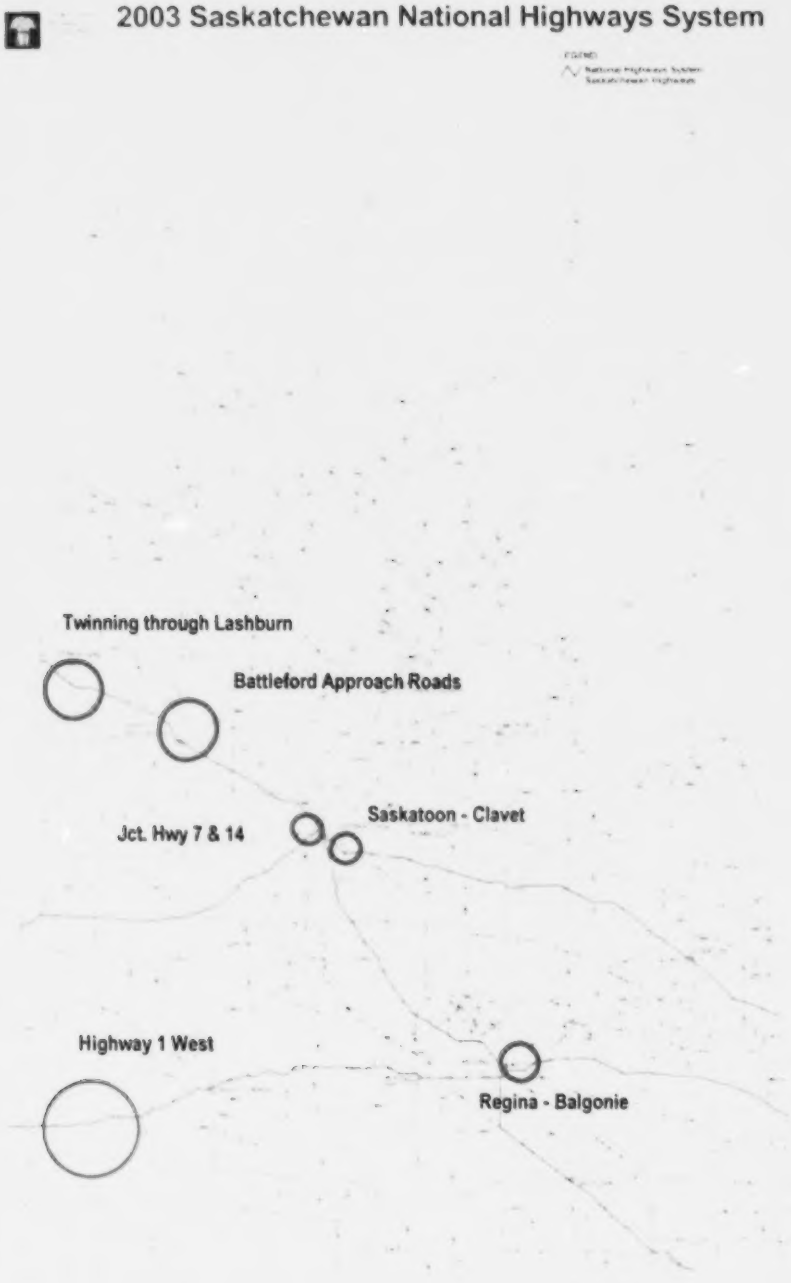


Figure 1 – Locations of Saskatchewan's SHIP Projects

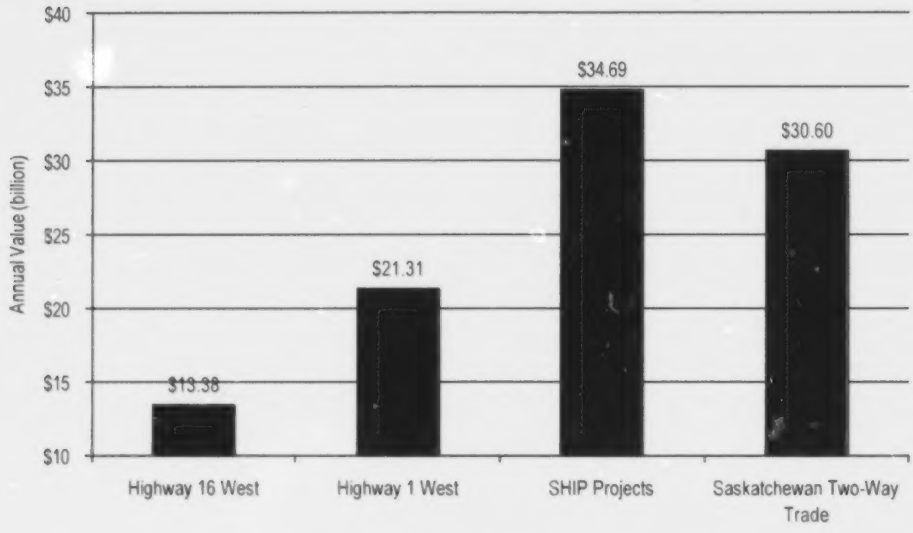


Figure 2 – Economic Impact of Saskatchewan's SHIP Projects

Construction was completed on 38 km of SHIP projects in fiscal 2003. This consists of approximately two percent of the National Highway System in Saskatchewan. These projects will positively impact 13,000 vehicles per day.

3. Official Management Committee Meetings

Mr. Ralph Jones, Director of Surface Programs and Chief Engineer for Transport Canada was appointed as the federal representative for the Management Committee in February 2002. Mr. Robert Berry, Senior Policy Advisor for Saskatchewan Highways and Transportation was appointed as the provincial representative for the Management Committee in February 2002. Miranda Carlberg was appointed to the Management Committee on October 11, 2002 as the replacement for provincial representative Robert Berry. Fred Antunes was appointed to the Management Committee on January 27, 2004 as the replacement for provincial representative Miranda Carlberg.

The Management Committee for the Canada-Saskatchewan SHIP Agreement had an initial meeting on February 11, 2003 in Regina. Management Committee co-chairs Ralph Jones of Transport Canada, and Miranda Carlberg of Saskatchewan Highways and Transportation both attended the meeting. Jim Lothrop of Transport Canada and Fred Antunes of Saskatchewan Highways and Transportation were also present. General procedural issues and draft Management Committee Guidelines were discussed. Minutes for the meeting are contained in Appendix A.

4. Schedule B Revisions

Schedule B of the Canada-Saskatchewan SHIP Agreement outlines the projects to be commenced under the agreement. Project proposals are typically submitted to the Management Committee for

consideration. The projects to be undertaken are added to the Schedule B by the federal co-chair. However, the original Schedule B (Revision #0) was approved by Minister Wartman and Minister Collenette signing the agreement. The remaining revisions were approved by the SHIP Agreement Management Committee as noted in Table 1. Schedule B, Revision 7 is attached in Appendix A.

Table 1 – Canada-Saskatchewan SHIP Agreement Schedule B Revisions

Revision	Revision Date	Reason for Change	Approved
0	January 24, 2002	Original	Approved by Ministers as part of the agreement
1	June 10, 2002	Cost adjustment for projects 1.2, 3.1	Approved by Management Committee
2	June 26, 2002	Cost adjustment for projects 1.2, 3.1	Approved by Management Committee
3	September 13, 2002	Cost adjustment for projects 1.1,1.2, 3.1	Approved by Management Committee
4	January 30, 2003	Cost adjustments for projects 1.1, 1.2, and 3.1 Add projects 4.1 and 4.2	Approved by Management Committee
5	March 17, 2003	Cost adjustments for projects 1.1, 1.2, 3.1, 4.1 and 4.2	Approved by Management Committee
6	April 13, 2003	Cost adjustments for projects 1.1, 1.2, 3.1, 4.1 and 4.2	Approved by Management Committee
7	January 28, 2004	Cost Adjustment for project 1.1, 1.2, 3.1, 4.1, 4.2 Add projects 2.2, 2.3, 2.4	Approved by Management Committee

The projects are described below.

5. Project Updates and Expected Results

Thirty-eight kilometres of new SHIP roadway was opened to traffic on Highway 1 west in fiscal 2003. Finishing touches were made on projects on Highway 16. The Management Committee also approved three planning studies near Saskatchewan's two largest cities. Updates and expected results for individual projects are provided below.

Project 1.1 – Highway 16: Twinning through Lashburn

The project at Lashburn resulted in the completion of twinning Highway 16 between Maidstone and Lloydminster. This project is part of a larger Canada-Saskatchewan initiative to twin Highway 16 between North Battleford and Lloydminster. The Lashburn project consisted of twinning 3 km of limited access highway through the town of Lashburn. Construction incorporated 2.8 km of new eastbound lanes for Highway 16; 1.6 km for a south service road; 2.6 km for a north service road, 0.7 km to tie a grid road into the west intersection, and new intersections on the east and west sides of Lashburn.

Twinning through Lashburn - Project Status

Figure 3 illustrates the Lashburn project; the location is shown in Figure 1. The project was essentially finished in 2002; the contractor completed the remaining work, mostly clean-up and reseeding, in 2003. Saskatchewan provided monitoring and project supervision throughout construction. Federal-Provincial Agreements and Contract Authorizations for the Lashburn project are itemized in Table 2.

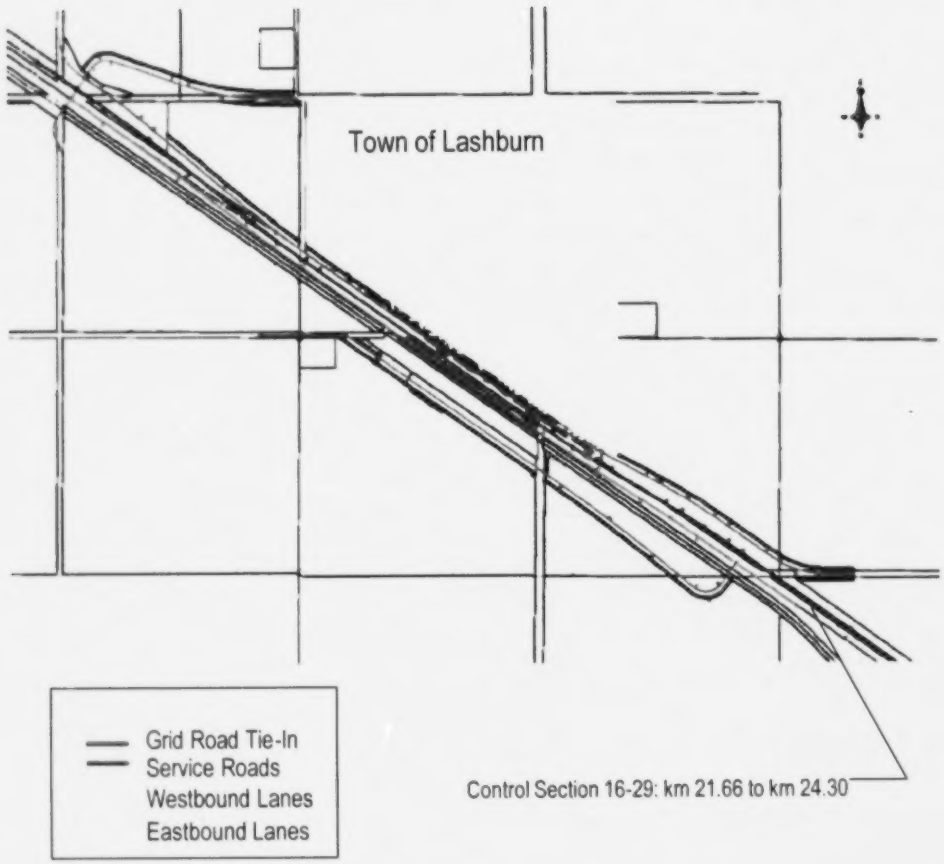


Figure 3 – Highway 16: Twinning through Lashburn Project

Table 2 – Contract Authorizations for Highway 16: Twinning through Lashburn

Contract Authorization	Start Date	Completion Date	Budget	Material Supplied/Work Completed by Saskatchewan
CM02031	May 22, 2002	July 15, 2003	$3,111,000	Construction of Subgrade and Surfacing Structure
HWY16Lshbrn	May 22, 2002	March 31, 2004	$572,000	Construction Materials Contract
Hwy16LshSund	January 24, 2002	March 31, 2004	$437,000	Sundry Item Contract
Hwy16LshEA	January 24, 2002	March 31, 2004	$43,000	Environmental Assessment of Contaminated Soil

Twinning through Lashburn - Environmental Issues

Federal environmental approval for the Lashburn project was provided on April 19, 2002. Construction encompassed an existing highway, was through a town, and was within an area of previously disturbed cultivated land.[9] This project did not significantly impact the environment, rare species or heritage sites. No fisheries issues were encountered, as no streams were crossed by Highway 16 in the construction area. Earth borrow pits for the subgrade construction were located on privately-owned lands east and west of Lashburn. Aggregates for the pavement structure of the highway segment were obtained from existing department-owned pits located in the Maidstone area. The crusher and hot-mix plant were set up in a department owned stockpile site 2 km east of Lashburn, adjacent to the highway.

Areas of petroleum contamination were identified at sites along Highway 16 within Lashburn. The contamination was likely associated with former and existing service stations.[10] An estimated 4,000 m^3 of contaminated soil was exhumed during highway construction, and hauled to department owned property east of Lashburn to be land-farmed.

Twinning through Lashburn - Financial Summary

A financial summary for the Lashburn project is outlined in Table 3. Figure 4 illustrates the 2003/04 Lashburn expenditures as a portion of the shareable 2003/04 SHIP expenditures. Figure 5 demonstrates the Lashburn expenditure breakdown by fiscal year. All expenditures are based on Schedule B Revision 7; dated January 28, 2004.

Table 3 – Highway 16: Twinning through Lashburn Schedule B Summary

Project Cost	Shareable Project Cost	Agreement Contributions		Actual 2002/2003 Expenditures	2002-2003 Accrual	2003/2004 Forecast Expenditures
		Federal	Provincial			
$5,282,323	$4,163,000	$2,081,500	$2,081,500	$3,938,146	$60,000	$164,854

[9] December 19, 2001 - AMEC

[10] December 1999- May 2000 - Pinter & Associates

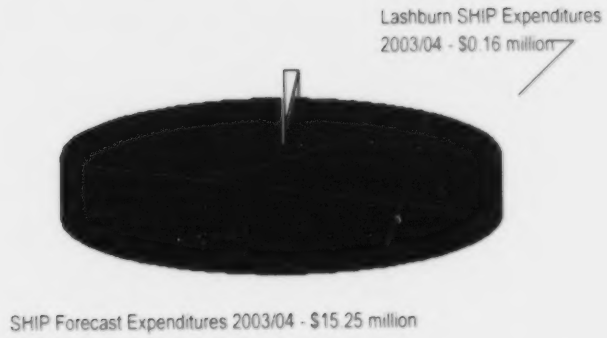


Figure 4 – Highway 16: Twinning through Lashburn - 2003/04 SHIP Expenditures

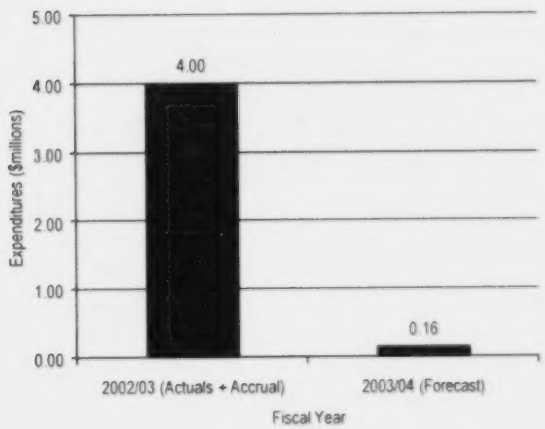


Figure 5 – Highway 16: Twinning through Lashburn – SHIP Expenditure Breakdown by Fiscal Year

Twinning through Lashburn - Expected Results

The Lashburn project will have a positive effect on the safety performance of Highway 16. The 3 km single-lane roadway had a collision rate of 0.468 collisions per million vehicle kilometres.[11] This rate is expected to decrease at a minimum to 0.343 collisions per million vehicle kilometres (mvkm); after the Lashburn project is complete, the typical 15-year collision rate for a four-lane rural highway (illustrated in Figure 6).[12] In addition, MicroBENCOST analysis suggests that fuel consumption and carbon monoxide production will be reduced by 255,000 l and 20,000 kg respectively over the 20-year analysis period,[13] enhancing the environmental sustainability of transportation in Saskatchewan.

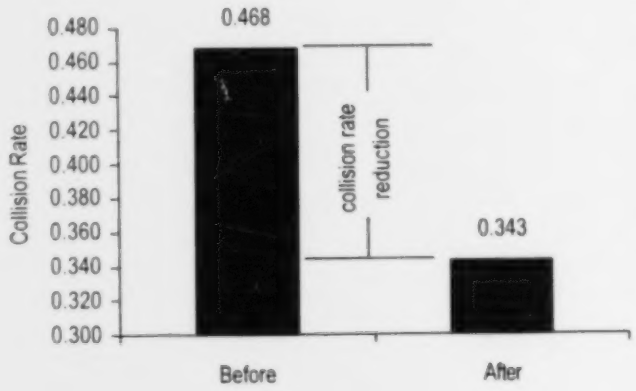
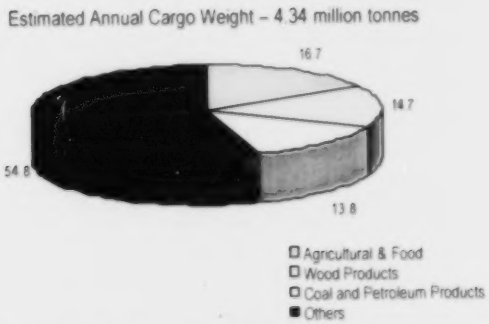


Figure 6 - Highway 16: Twinning through Lashburn - Projected Accident Rates

This section of Highway 16 has seen a 27 percent increase in traffic volume, and a 41 percent increase in truck traffic over the past decade. Growth of two percent per year is projected for traffic in general and truck traffic. This segment of Highway 16 supports an estimated annual cargo weight of 4.34 million tonnes, valued at $13.4 billion dollars (as illustrated in Figures 7 and 8).[14] The Lashburn project will increase mobility and also transportation efficiency by decreasing delay times for delivery of commodities.



[11] This collision rate excludes collisions with animals.

[12] Saskatchewan Highways' collision analysis of Highway 16 between North Battleford and Saskatoon identified a 55 percent decrease in the five-year collision rate after twinning, and an 86 percent decrease in the fatal collision rate.

[13] *Twin Highway No. 16 Through the Town of Lashburn* – SHIP Project Submission, 2001

[14] Analysis on data from the 1999 National Roadside Study for Highway 16 at Marshall, Saskatchewan

Figure 7 – Estimated Annual Cargo Weights and Top Three Commodities at Marshall

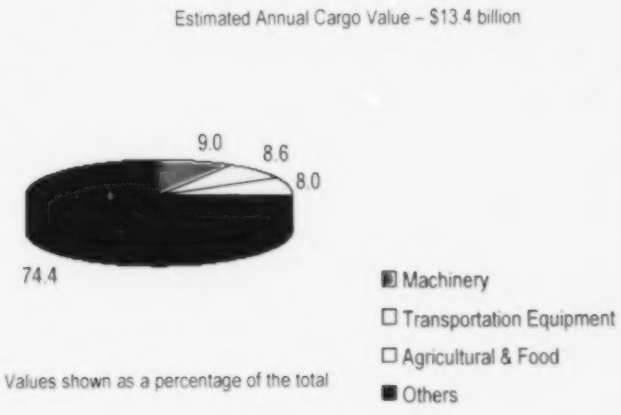


Figure 8 – Estimated Annual Cargo Value and Top Three Categories for Marshall

Twinning through Lashburn - Federal/Provincial Events

Federal and provincial representatives visited the Lashburn project on July 11, 2002. Transport Canada was represented by Kim Aziz, Highway Programs Manager for Surface Programs. Saskatchewan Highways and Transportation was represented by Ray Connoly, Engineering Projects Director; Robert Berry, Senior Policy Advisor and co-chair of the SHIP Management Committee; and Robin Christopher, Lashburn Project Manager.

A final site inspection for Transport Canada occurred on October 15, 2002. Kim Aziz, Robin Christopher, and Miranda Carlberg took part in the inspection.

A ceremony marking the opening of the Lashburn project was held on November 1, 2002. Ralph Jones represented Transport Canada at the ceremony. Minister Mark Wartman represented Saskatchewan Highways and Transportation.

Opening Ceremony at Lashburn

Project 1.2 – Highway 16: Approach Roads to the Battlefords Bridge

This project consisted of twinning 3.2 km of Highway 16 from west of the junction with Highway 4 and approach roads connecting a new bridge (constructed by Saskatchewan) over the North Saskatchewan River near North Battleford to Highway 16 and Highway 4.

Battlefords Approach Roads - Project Status

The main roads for this project and the bridge are were open to traffic in 2002. One access ramp and roadway lighting was installed in 2003/04. The project was completed in the 2003/04 construction season. Saskatchewan provided monitoring and project supervision throughout the course of construction.

View Facing South at the Approach Roads to the Battlefords Bridge

Figure 9 illustrates the Battlefords project; the location is shown in Figure 1. Federal-Provincial Agreements and Contract Authorizations for the Battlefords project are itemized in Table 4.

Table 4 – Contract Authorizations for Highway 16: Approach Roads to the Battlefords Bridge

Contract Authorization	Start Date	Completion Date	Budget	Material Supplied/Work Completed by Saskatchewan
CO2026	June 21, 2002	September 15, 2003	$3,800,000	Construction of Subgrade and Surfacing Structure Contract
NBMaterial	June 21, 2002	Sept 13, 2004	$1,300,000	Supply of Construction Materials
Hwy16NBSundries	October 28, 2002	October 28, 2004	$860,000	Supply of Sundry Items
CO3050	May 1, 2003	November 11, 2004	$900,000	Construction of Subgrade and Surfacing Structure Contract

Figure 9 – Highway 16: Approach Roads to the Battlefords Bridge Project

Battlefords Approach Roads - Environmental Issues

Federal environmental approval for the Battlefords Approach Roads project was provided on April 19, 2002. This project did not significantly impact the environment, rare species or heritage sites, as the construction of the 3 km of twinned highway was through cultivated land. Neither heritage sites nor rare species were observed during the field studies of this area.[15] Borrow pits were not required for subgrade construction. Subgrade materials were obtained from within the new right-of-way, primarily from the south approach cut to the bridge, with the remainder obtained from ditch cuts. The aggregate for the project was obtained from a private pit adjacent to the highway, near the bridge.

View of Approach Roads to the Battlefords Bridge Construction

Embankment Construction of the Approach Roads to the Battlefords Bridge

[15] December 21, 2002 - Clifton Associates

View of the Battlefords Bridges

Battlefords Approach Roads - Financial Summary

A financial summary for the Battlefords Approach Roads project is outlined in Table 5. Figure 10 illustrates the 2003/04 Battlefords expenditures as a portion of the shareable 2003/04 SHIP expenditures. Figure 11 shows the Battlefords expenditure breakdown by fiscal year. All expenditures are based on Schedule B Revision 7; which is dated January 28, 2004.

Table 5 – Highway 16: Approach Roads to the Battlefords Bridge – Schedule B Summary

Project Cost	Shareable Project Cost	Agreement Contributions		2002/2003 Actual Expenditures	2002/2003 Accrual	2003/2004 Forecast Expenditures	2004/2005 Forecast Expenditures
		Federal	Provincial				
$8,156,279	$6,860,000	$3,430,000	$3,430,000	$4,878,190	$14,162	$1,436,648	$531,000

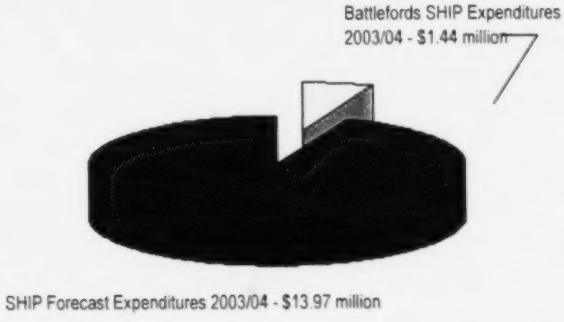


Figure 10 – Highway 16: Approach Roads to the Battlefords Bridge - 2003/04 SHIP Expenditures

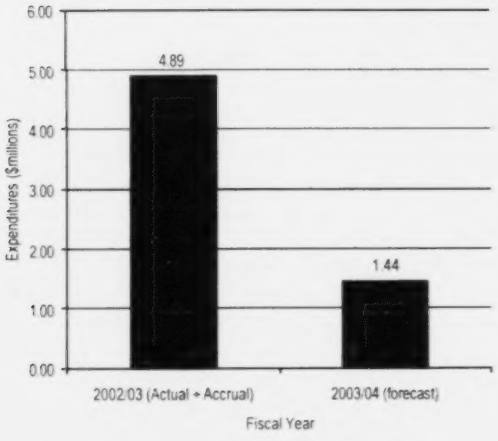


Figure 11 – Highway 16: Approach Roads to the Battlefords Bridge – SHIP Expenditure Breakdown by Fiscal Year

Battlefords Approach Roads - Expected Results

The Battlefords Approach Roads project will have a significant positive effect on the safety performance of Highway 16. The collision rate on this single-lane section of highway was quite high prior to twinning, at 0.743 collisions per mvkm.

The rate is expected to decrease to at least 0.343 collisions per mvkm[16] with the completion of the Battlefords project, which is the 15-year average collision rate for divided highways (as illustrated in Figure 12). MicroBENCOST analysis determined a discounted accident benefit of $1.4 million for this relatively short segment of roadway. In addition, this project will enhance environmental sustainability by reducing fuel consumption by 333,000 l and carbon monoxide production by 5,000 kg.[17]

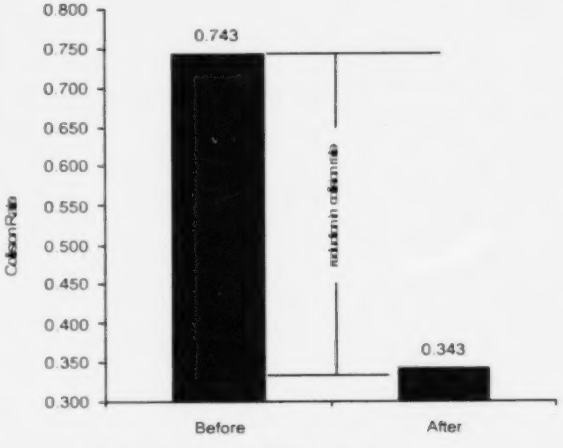


Figure 12 – Highway 16: Approach Roads to the Battlefords Bridge – Collision Rates

[16] The accident rate could be reduced to 0.336 collisions per million vehicle km based on a 55 percent reduction.

[17] *Twin Highway No. 16 Near the Battlefords* – SHIP Project Submission, 2001

Battlefords Approach Roads - Federal/Provincial Events

Federal and provincial representatives visited the Lashburn project on July 11, 2002. Transport Canada was represented by Kim Aziz, Highway Programs Manager for Surface Programs. Saskatchewan Highways and Transportation was represented by Ray Connoly, Engineering Projects Director and Robert Berry, Senior Policy Advisor and co-chair of the SHIP Management Committee.

A final site inspection for Transport Canada occurred on October 15 2002. Kim Aziz and Miranda Carlberg took part in the inspection.

A ceremony marking the opening of the Battlefords project and new Battlefords Bridge was held on November 1, 2002. Ralph Jones represented Transport Canada at the ceremony. Minister Mark Wartman represented Saskatchewan Highways and Transportation.

Opening Ceremony at the Battlefords Bridge

Project 2.2 – Trans-Canada Highway 1 – Corridor Study between Regina City Limits and Balgonie

This project consists of a study that will review the Highway No. 1 corridor from Balgonie to Regina in order to identify current and emerging operational and safety issues, recommend staged options to address these issues, and comment on how these options fit with the long term plan outlined in the Regina Regional Highway Planning Study.

Corridor Study - Project Status

UMA Engineering Ltd. was selected to carry out the study. The contract runs from May 10th, 2004, to October 25th, 2004. Preliminary data gathering, such as traffic counts, have started. The project is anticipated to be completed on time.

Federal – Provincial Agreements and Contract Authorizations for the corridor study are itemized in Table 6.

Table 6 – Contract Authorizations for Trans-Canada Highway 1 – Corridor Study

Contract Authorization	Start Date	Completion Date	Budget	Material Supplied/Work Completed by Saskatchewan
N/A	May 10, 2004	October 25, 2004	$30,000	Corridor Study

Corridor Study– Environmental Issues

This is a planning and evaluation study and will not incorporate any road work. As such, there are no environmental issues.

Corridor Study between Regina City Limits and Balgonie – Financial Summary

A financial summary for the Trans-Canada Highway 1 – Corridor Study is outlined in Table 7. This project was not started until May 2004, and is therefore part of the 2004 – 05 fiscal year. At a total cost of $30,000, this project will represent 0.64% of SHIP expenditures in Saskatchewan in 2004-05.

Table 7 – Trans-Canada Highway 1 – Corridor Study – Schedule B Summary

Project Cost	Shareable Project Cost	Agreement Contributions		2003/2004 Forecast Expenditures	2004/2005 Forecast Expenditures
		Federal	Provincial		
$30,000	$30,000	$15,000	$15,000	$0	$30,000

Project 2.3 – Intersection Study at Highway 7 & 14

The main purpose of the study is to review the safety and operation of the intersection of Highway No. 7 and Highway No. 14, west of Saskatoon. This review will encompass the roadway geometrics and features, accident statistics, traffic volumes, intersection capacity and queuing. From this review, interim and long-term measures will be developed to mitigate safety and operational issues at the intersection. The review will also attempt to predict impacts on the intersection arising from developments on the land surrounding the intersection, including impacts to other public infrastructure such as utilities. The study will also establish budget estimates for any improvements at the intersection that may need to be undertaken.

Intersection Study Project Status

Earth Tech Canada Inc. was selected to carry out this study. The completed final report was received by the department on March 1, 2004. The report recommends two courses of action at the intersection, depending on future developments undertaken by the City of Saskatoon. The issues these plans address is the difficulty motorists have in turning north from Highway 14 onto Highway 7 eastbound. Current plans for the area by the City of Saskatoon call for re-alignment of Highway 7, eliminating the intersection between Highway 7 and 14. If the City does not implement this plan within the next 5 years, the report calls for construction of an acceleration lane east of the intersection along Highway 7 eastbound (Figure 13). If the re-alignment of Highway 7 is left for beyond 5 years, the report calls for the limiting of eastbound traffic on highway 7 to the south lane (Figure 14), allowing the north lane for use by traffic turning from Highway 14 onto Highway 7 eastbound.

Federal – Provincial Agreements and Contract Authorizations for the corridor study are itemized in Table 8.

Table 8 – Contract Authorizations for Intersection Study at Highway 7 & 14

Contract Authorization	Start Date	Completion Date	Budget	Material Supplied/Work Completed by Saskatchewan
N/A	Nov 7, 2003	March 1, 2004	$20,000	Corridor Study

Intersection study at Highway 7 & 14 – Environmental Issues

This is a planning and evaluation study and will not incorporate any road work. As such, there are no environmental issues.

Intersection Study at Highway 7 & 14 – Financial Summary

A financial summary for the Highway 7 & 14 – Intersection Study outlined in Table 9. At a total cost of $20,000, this project will represented 0.13% of SHIP expenditures in Saskatchewan in 2003-04

Table 9 – Intersection Study at Highway 7 & 14 – Schedule B Summary

Project Cost	Shareable Project Cost	Agreement Contributions		2003/2004 Forecast Expenditures	2004/2005 Forecast Expenditures
		Federal	Provincial		
$20,000	$20,000	$10,000	$10,000	$20,000	$0

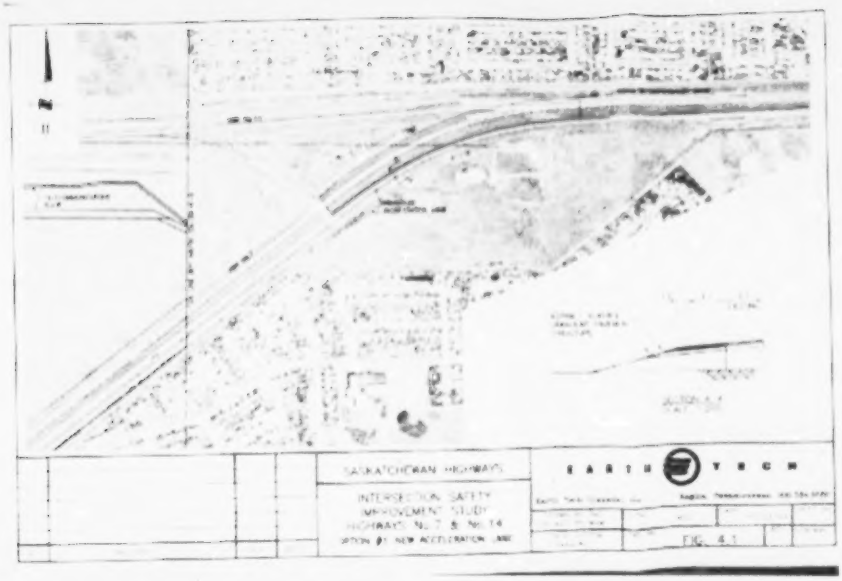


Figure 13 – Option 1 for the future development at the intersection of Highway 7 &14

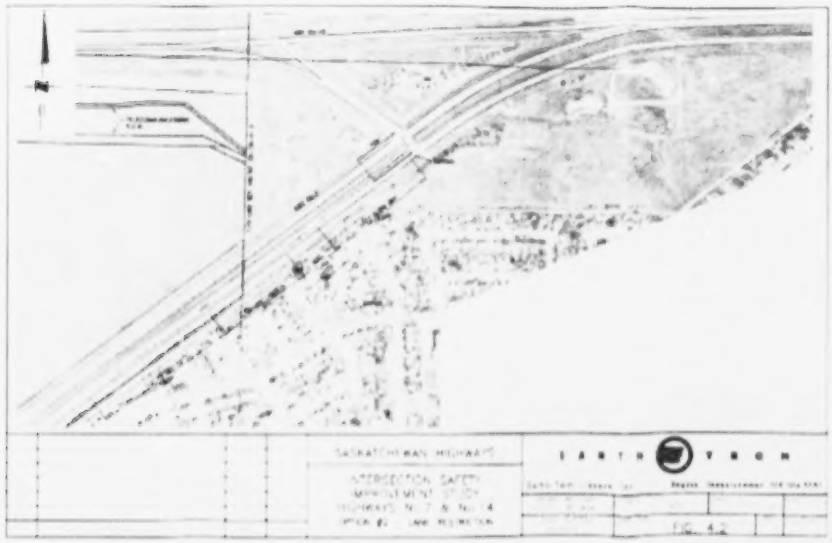


Figure 14 – Option 2 for the future development at the intersection of Highway 7 &14

Project 2.4 – Yellowhead Highway No. 16 – Functional Study for Highway 16 East of Saskatoon

The purpose of the study is to determine the future highway corridor location for the continuation of four lanes on Highway 16 from east of Clavet to east of Saskatoon. Specifically, the area under consideration is Highway 16 from 3 km east of Clavet to 1 km west of Floral. The study will weigh cost, function, and community concerns. The communities involved include the Village of Clavet, the RM of Corman Park, and the RM of Blucher.

Functional Study – Project Status

ND Lea was selected to carry out this study. The completed study recommends two major options for the re-alignment of Highway 16. The first option would route the four lane section through the Village of Clavet, the second option would bypass the village. The study is strongly in favour of an option that would bypass the Village of Clavet (figure 15).

Federal – Provincial Agreements and Contract Authorizations for the functional study are itemized in Table 10

Table 10 – Contract Authorizations for Yellow Head Highway 16 – Functional Study

Contract Authorization	Start Date	Completion Date	Budget	Material Supplied/Work Completed by Saskatchewan
N/A	Oct 1, 2003	April 30, 2004	$60,000	Functional Study

Functional Study for Highway 16 – Environmental Issues

This is a planning and evaluation study and will not incorporate any road work. As such, there are no environmental issues.

Functional Study for Highway 16 – Financial Summary

A financial summary for the Yellowhead Highway 16 – Functional Study is outlined in Table 11. At a total cost of $60,000, this project will represented 0.39% of SHIP expenditures in Saskatchewan in 2003-04

Table 11 – Functional Study for Highway 16 – Schedule B Summary

Project Cost	Shareable Project Cost	Agreement Contributions		2003/2004 Forecast Expenditures	2004/2005 Forecast Expenditures
		Federal	Provincial		
$60,000	$60,000	$30,000	$30,000	$60,000	$0

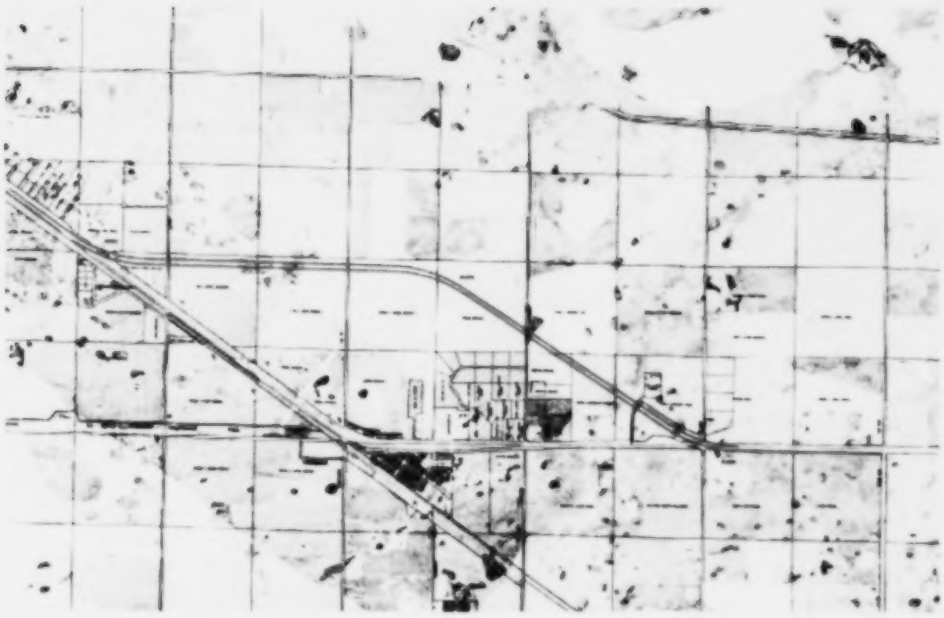


FIGURE 12 CLAVET OPTION 2C

Figure 15 – Recommended Option - Bypass the Town of Clavet

Project 4.1 – Highway 1: Paving 23 km between Tompkins and Piapot

The paving of 23 km between Tompkins and Piapot project (referred to as the Highway 1 West Paving project) is one part of a Canada-Saskatchewan initiative to twin Highway 1 through the province of Saskatchewan by 2007. It consisted of paving a highway embankment (constructed by Saskatchewan) adjacent to the existing Highway 1 in southwest Saskatchewan.

Aggregate Processing Operation on Highway 1 West

Highway 1 West Paving Project Status

Paving was completed on this project during the 2003 construction season, and was opened to the public on October 27th, 2003; site clean-up and placement of a short section of second lift asphalt concrete remains for completion in 2004/05. Saskatchewan provided monitoring and construction supervision throughout this phase of construction.

Figure 16 illustrates the Highway 1 West projects (the 23 km paving project as well as the 15 km grade and pave project), the locations are shown in Figure 1. Federal - Provincial Agreements and Contract Authorizations for the Highway 1 paving project are itemized in Table 12.

Table 12 – Contract Authorizations for Highway 1: Paving 23 km between Tompkins and Piapot

Contract Authorization	Start Date	Completion Date	Budget	Material Supplied/Work Completed by Saskatchewan
C02130	February 1, 2003	March 31, 2004	$1,700,000	Screening and hauling of aggregate
Haul Tompkins	February 3, 2003	March 31, 2004	$249,500	Haul fine aggregate material from Tompkins to Piapot
Haul W Sidewood	February 3, 2003	March 31, 2004	$337,000	Agreement to Haul Fine Aggregate West of Sidewood to West of Piapot
Hwy1WPaveMat	January 30, 2003	November 1, 2004	$1,450,000	Supply of Construction Materials
Hwy1WPaveSund	January 30, 2003	November 1, 2004	$165,000	Supply of Sundry Items
CO3018	May 15, 2003	November 1, 2004	$1,895,000	Construction and Surfacing
CO3019	May 15, 2003	November 1, 2004	$2,900,000	Construction and Surfacing

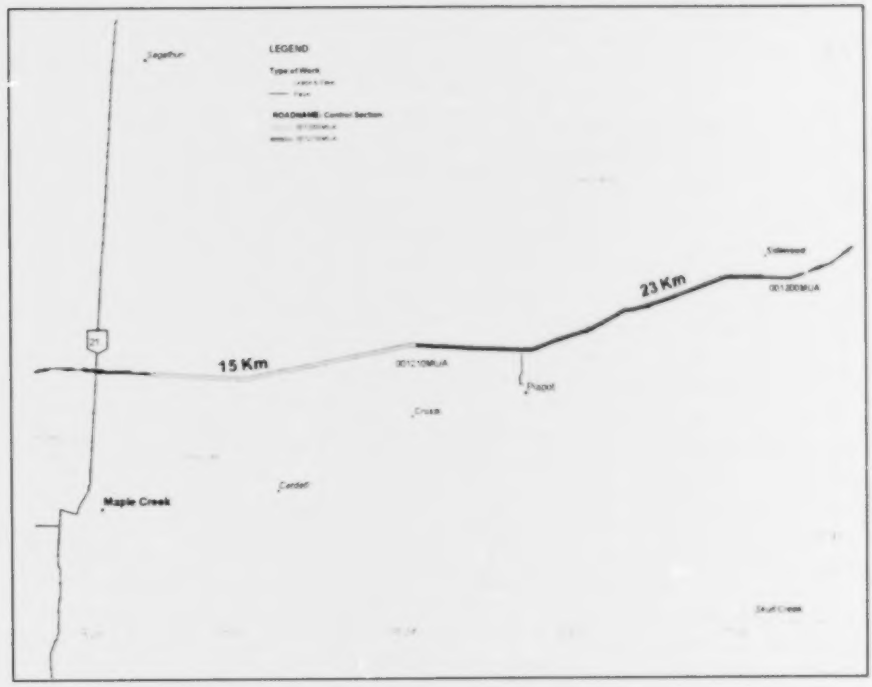


Figure 16 – Highway 1 West Projects

Highway 1 West Paving Project - Environmental Issues

Federal environmental approval for the Highway 1 West Paving project was provided on January 30, 2003. Transport Canada completed a screening of the project in accordance with the *Canadian Environmental Assessment Act*, and determined that the project would not result in adverse environmental effects. The project is located on a previously constructed embankment, thus the area had already been disturbed. A few small creeks cross the new highway lanes, but will not be impacted by the paving project. Surface water could be affected, but measures were stipulated in order to mitigate against any effects.[18]

Previously Constructed Embankment for Highway 1 West

[18] January 13, 2003 – Transport Canada

Highway 1 West Paving Project - Financial Summary

A financial summary for the Highway 1 West Paving project is outlined in Table 13. Figure 17 illustrates the 2003/04 Highway 1 West Paving expenditures as a portion of the shareable 2003/04 SHIP expenditures. Figure 18 illustrates the Highway 1 West Paving expenditure breakdown by fiscal year. All expenditures are based on Schedule B Revision 7; dated January 28, 2004.

Table 13 – Highway 1: Paving 23 km between Tompkins and Piapot – Schedule B Summary

Project Cost	Shareable Project Cost	Agreement Contributions		2002/2003 Actual Expenditures	2002/2003 Accruals	2003/2004 Forecast Expenditures
		Federal	Provincial			
$9,239,454	$8,696,500	$4,348,250	$4,348,250	$2,122,456	$152,334	$6,421,710

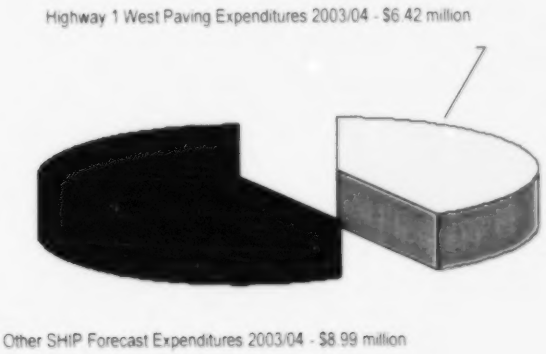


Figure 17 – Highway 1: Paving 23 km between Tompkins and Piapot - 2003/04 SHIP Expenditures

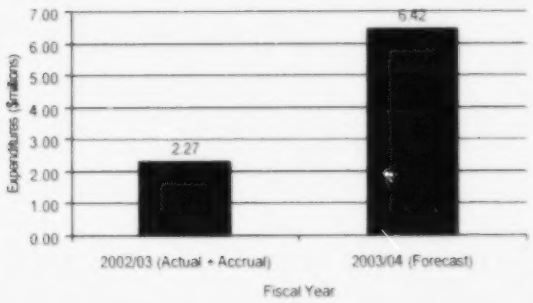


Figure 18 – Highway 1: Paving 23 km between Tompkins and Piapot – SHIP Expenditure Breakdown by Fiscal Year

Project 4.2 – Highway 1: Grading and Paving 15 km between Piapot and the Junction with Highway 21

The Grading and Paving 15 km between Piapot and the Junction with Highway 21 project (referred to as Highway 1 West Grading and Paving project) is the second component of a larger Canada-Saskatchewan initiative to twin Highway 1 West of Regina in 2003. It is comprised of the construction of 15 km roadway for a second set of lanes of Highway 1 in southwest Saskatchewan. The Trans-Canada Highway will be twinned from Regina to the Alberta border once these two projects are complete.

View of the East End of the Highway 1 West projects

Highway 1 West Grading and Paving Project Status

Saskatchewan and Canada announced that the roadway was opened on October 27th, 2003; clean-up work and the placement of a short section of second lift asphalt concrete remains for completion in 2004/05. Saskatchewan provided monitoring for the project. Federal - Provincial Agreements and Contract Authorizations for the Highway 1 Grading and Paving project are itemized in Table 14.

View of Stockpile Landscaping Operation

Table 14 – Contract Authorizations for Highway 1: Grading and Paving 15 km between Piapot and the Junction with Highway 21

Contract Authorization	Start Date	Completion Date	Budget	Material Supplied/Work Completed by Saskatchewan
C02130Sup	February 4, 2003	November 1, 2004	$1,150,000	Haul Coarse Aggregate
Haul W Piapot	February 4, 2003	March 31, 2004	$385,445	Agreement to Haul Fine Aggregate from west of Piapot to East of Junction 21
Hwy1WGradePaveDisturb	April 4, 2003	March 31, 2004	$4,800	Agreement to disturb construction area
Hwy1WGradePaveMat	January 30, 2003	November 1, 2004	$1,450,000	Supply of Materials
Hwy1WGradePaveSund	January 30, 2003	November 1, 2003	$255,000	Supply of Sundry Items
CO3010	May 15, 2003	November 1, 2004	5,645,000	Construction and Surfacing
Hwy1WGradePaveEA	May 15, 2003	March 31, 2004	$5,000	Environmental pre-screening report

Figure 16 illustrates the Highway 1 West projects (the paving project as well as the grade and pave project); the locations are shown in Figure 1.

Grading and Paving Highway 1 West Project - Environmental Issues

Federal environmental approval was provided on April 4, 2003. Transport Canada completed a screening summary of the project in accordance with the *Canadian Environmental Assessment Act*, and determined that the project would not likely cause significant adverse environmental effects. The project could proceed with application of protective measures to mitigate against any effects on surface water, fish and fish habitat, terrestrial wildlife and wildlife habitat, and terrestrial vegetation.[19]

Highway 1 West Grading and Paving Project - Financial Summary

A financial summary for the Highway 1 West Grading and Paving project is outlined in Table 15. Figure 19 illustrates the 2003/04 Highway 1 West Grade and Pave expenditures as a portion of the shareable 2003/04 SHIP expenditures. Figure 20 shows the Highway 1 West Grade and Pave expenditure breakdown by fiscal year. All expenditures are based on Schedule B Revision 7; dated January 28, 2004.

Table15 – Highway 1: Grading and Paving 15 km between Piapot and the Junction with Highway 21 – Schedule B Summary

Project Cost	Shareable Project Cost	Agreement Contributions		2002/2003 Actual Expenditures	2003/2004 Forecast Expenditures
		Federal	Provincial		
$9,567,147	$8,895,245	$4,447,622	$4,447,623	$1,591,207	$7,304,038

[19] April 4, 2003 Transport Canada

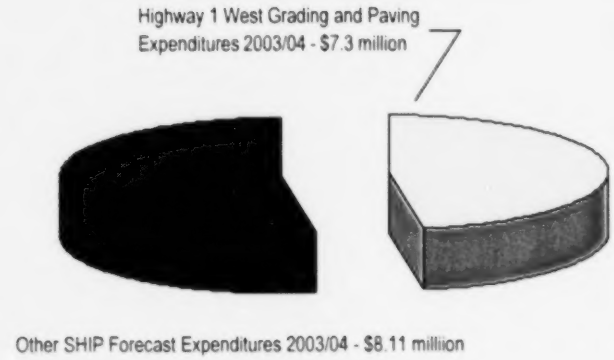

Highway 1 West Grading and Paving
Expenditures 2003/04 - $7.3 million
Other SHIP Forecast Expenditures 2003/04 - $8.11 million

Figure 19 – Highway 1: Grading and Paving 15 km between Piapot and the Junction with Highway 21 - 2003/04 SHIP Expenditures

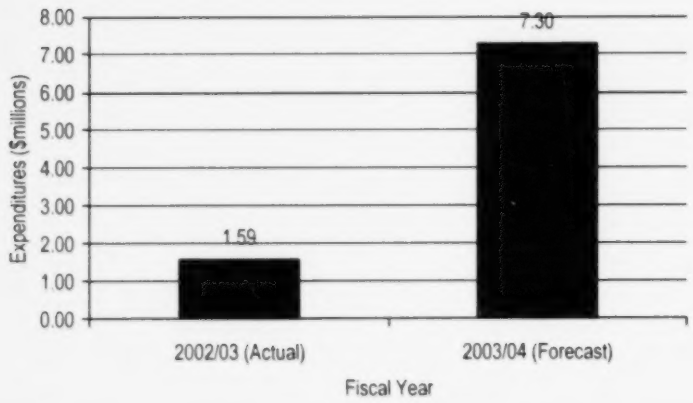


Figure 20 – Highway 1: Grading and Paving 15 km between Piapot and the Junction with Highway 21 – SHIP Expenditure Breakdown by Fiscal Year

Completion of Twinning Highway 1 West - Expected Results

A 49 percent increase in the traffic volume and a 106 percent increase in truck traffic have occurred on this section of Highway 1 over the past ten years. As traffic volumes continue to increase, potential traffic conflicts will increase as well. This SHIP project will increase the level of service along Highway 1, as well as reduce the potential for traffic conflicts and possible collisions. The MicroBENCOST analysis indicates that the projects will enhance environmental sustainability of transportation on Highway 1 by reducing both fuel consumption and carbon monoxide production by 4,985,000 l and

80,000 kg respectively.[20] Mobility and transportation efficiencies are forecast; savings of $11.3 million from reduced user delays and $8 million from reduced vehicle operating costs are suggested. This segment of Highway 1 supports an estimated annual cargo weight of 5.15 million tonnes, valued at $21.3 billion dollars (as illustrated in Figures 21 and 22).[21] The Highway 1 West projects will enhance trade and transportation efficiency by decreasing delay times for delivery of commodities.

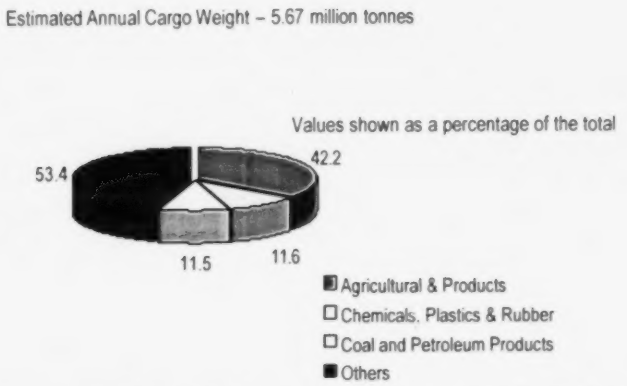


Figure 21 – Estimated Annual Cargo Weight and Top Three Categories at Beverley

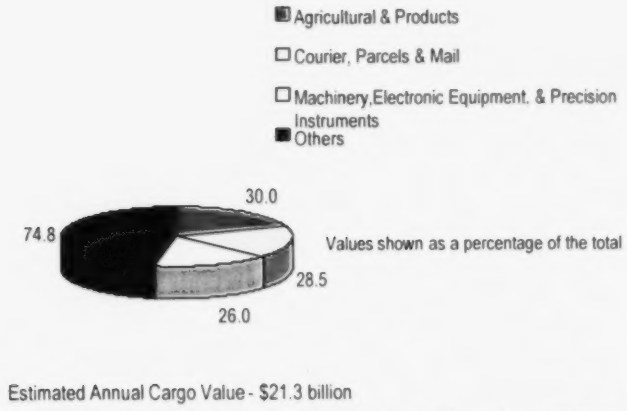


Figure 22 – Estimated Annual Cargo Value and Top Three Categories at Beverley

[20] *Twin Highway No. 1 – West of Tompkins to East of the Junction of Highway No. 21* – SHIP Project Submission, 2002
[21] Analysis on data from the 1999 National Roadside Study for Highway 16 at Beverley, Saskatchewan

6. Communications Activities

Clause E.1.1 of the Canada Saskatchewan SHIP Agreement provides that the parties agree to undertake joint communications activities and products that enhance opportunities for open, transparent, effective, and pro-active communications with citizens through appropriate, continuous and consistent public information activities. Table 10 contains a summary of events and news releases.

Announcement of the Highway 1 West projects

Table 16 – Communications Activities

Date	Event	Party
January 24, 2002	Signing Ceremony	Canada and Saskatchewan
May 30,2002	News release for start of construction at Lashburn	Canada and Saskatchewan
June 25, 2002	News release for the start of construction at Battlefords	Canada and Saskatchewan
July 5, 2003	News release for the start of construction at Battlefords	Canada and Saskatchewan
November 1, 2002	Opening of the Lashburn and Battlefords projects	Canada and Saskatchewan
March 5, 2003	Announcement of CSIF and remaining SHIP funding to twin Hwy 1 East and Hwy 16	Canada and Saskatchewan

7. Summary of Expenditures

Table 17 contains a summary of expenditures for the Canada-Saskatchewan SHIP program up to the end of fiscal 2003, with projected future expenditures noted, as at Schedule B Revision 7, dated January 28, 2004.

Table 17 - Canada-Saskatchewan Strategic Highway Infrastructure Program - Detailed Expenditures for 2003/04

Project Number	Project/Claim Description	Contract Authorization	Contract Amount	2002-03 Expenditures Claimed To Date	2003-04 Expenditures Claimed To Date	Total Claimed To Date	2002-03 Accruals
1.1	Highway 16 Twinning through Lashburn						
	Construction of a subgrade and surfacing structure	CM02031	$ 3,111,000	$ 2,987,791	$ 35,722	$ 3,023,513	$ 60,000
	Supply of materials	HWY16Lshbrn	$ 572,000	$ 570,291	$ 337	$ 570,628	$ -
	Supply of sundry items	HWY16LshSund	$ 437,000	$ 380,064	$ 55,508	$ 435,572	$ -
	Environmental Assessment	HWY16LshEA	$ 43,000	$ -	$ 42,958	$ 42,958	$ -
			$ 4,163,000	$ 3,938,146	$ 134,525	$ 4,072,671	$ 60,000

Project Number	Project/Claim Description	Contract Authorization	Contract Amount	2002-03 Expenditures Claimed To Date	2003-04 Expenditures Claimed To Date	Total Claimed To Date	2002-03 Accruals
1.2	Highway 16 Approach Roads to the Battlefords Bridge						
	Construction of a subgrade and surfacing structure	C02026	$ 3,800,000	$ 3,576,765	$ -	$ 3,576,765	$ 14,162
	Construction of a subgrade and surfacing structure	C03050	$ 900,000	$ -	$ 578,333	$ 578,333	$ -
	Supply of materials	NBMaterial	$ 1,300,000	$ 778,818	$ 131,625	$ 910,443	$ -
	Supply of sundry items	Hwy16NBSundries	$ 860,000	$ 522,607	$ 54,240	$ 576,847	$ -
			$ 6,860,000	$ 4,878,190	$ 764,198	$ 5,642,388	$ 14,162

Project Number	Project/Claim Description	Contract Authorization	Contract Amount	2002-03 Expenditures Claimed To Date	2003-04 Expenditures Claimed To Date	Total Claimed To Date	2002-03 Accruals
2.2	Trans-Canada Hwy 1 - Corridor Study Between Regina City Limits and Balgonie	N/A	$ 30,000	$ -	$ -	$ -	$ -
			$ 30,000	$ -	$ -	$ -	$ -

Project Number	Project/Claim Description	Contract Authorization	Contract Amount	2002-03 Expenditures Claimed To Date	2003-04 Expenditures Claimed To Date	Total Claimed To Date	2002-03 Accruals
2.3	Intersection Study at Highway No. 14 and No. 7	N/A	$ 20,000	$ -	$ -	$ -	$ -
			$ 20,000	$ -	$ -	$ -	$ -

Project Number	Project/Claim Description	Contract Authorization	Contract Amount	2002-03 Expenditures Claimed To Date	2003-04 Expenditures Claimed To Date	Total Claimed To Date	2002-03 Accruals
2.4	Yellowhead Hwy 16 - Funcitonal Study from East of Saskatoon to East of Clavet	N/A	$ 60,000	$ -	$ -	$ -	$ -
			$ 60,000	$ -	$ -	$ -	$ -

Project Number	Project/Claim Description	Contract Authorization	Contract Amount	2002-03 Expenditures Claimed To Date	2003-04 Expenditures Claimed To Date	Total Claimed To Date	2002-03 Accruals
4.1	Highway 1 West Paving 23 km between Tompkins and Piapot						
	Produce and stockpile coarse aggregate	C02130	$ 1,700,000	$ 1,510,031	$ 72,803	$ 1,582,834	$ -
	Produce and stockpile fine aggregate	Haul Tompkins	$ 249,500	$ 172,008	$ -	$ 172,008	$ 75,330
	Produce and stockpile fine aggregate	Haul W Sidewood	$ 337,000	$ 259,733	$ -	$ 259,733	$ 77,004
	Supply of materials	Hwy1WPaveMat	$ 1,450,000	$ 123,250	$ 1,258,277	$ 1,381,527	$ -
	Supply of sundry items	Hwy1WPaveSund	$ 165,000	$ 57,434	$ 59,817	$ 117,251	$ -
	Construction of a surfacing structure	C03019	$ 2,900,000	$ -	$ 2,430,745	$ 2,430,745	$ -
	Construction of a surfacing structure	C03018	$ 1,895,000	$ -	$ 1,612,080	$ 1,612,080	$ -
			$ 8,696,500	$ 2,122,456	$ 5,433,722	$ 7,556,178	$ 152,334

Project Number	Project/Claim Description	Contract Authorization	Contract Amount	2002-03 Expenditures Claimed To Date	2003-04 Expenditures Claimed To Date	Total Claimed To Date	2002-03 Accruals
4.2	Highway 1 West Grading and Paving 15 km between Piapot and Junction 21						
	Produce and stockpile coarse aggregate	C02130Sup	$ 1,150,000	$ 984,803	$ 47,480	$ 1,032,283	$ -
	Haul aggregate	Haul W Piapot	$ 385,445	$ 385,445	$ -	$ 385,445	$ -
	Disturb Right-of-Way to prevent nesting	Hwy1WGradePave Disturb	$ 4,800	$ -	$ 4,800	$ 4,800	$ -
	Supply of materials	Hwy1WGradePaveMat	$ 1,450,000	$ 183,502	$ 873,556	$ 1,057,058	$ -
	Supply of sundry items	Hwy1WGradePaveSund	$ 255,000	$ 37,457	$ 56,126	$ 93,583	$ -
	Construction of a subgrade and surfacing structure	C03010	$ 5,645,000	$ -	$ 5,285,709	$ 5,285,709	$ -
	Environmental Assessment	Hwy1WGradePaveEA	$ 5,000	$ -	$ 5,000	$ 5,000	$ -
			$ 8,895,245	$ 1,591,207	$ 6,272,671	$ 7,863,878	$ -
	PROGRAM TOTAL		**$ 28,724,745**	**$ 12,529,999**	**$ 12,605,116**	**$ 25,135,115**	**$ 226,496**

8. Annual Audit

The Canada-Saskatchewan SHIP program was audited for the year ending March 31, 2004 by the Saskatchewan Provincial Auditor. The audit was a requirement of Clause 9.5 of the Canada-Saskatchewan SHIP Agreement. The audit report is attached as Appendix C.

APPENDIX A

Schedule B, Revision 7

CANADA - SASKATCHEWAN STRATEGIC I

2001-02

SCHEDU

PROJECTS TO BE UNDERTAKEN

CANADA - SASKATCHEWAN STRATEGIC

2001-02

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CANADA / SASKATCHEWAN STRATEGIC I

2001-02

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APPENDIX B

Management Committee Meeting Minutes

Canada-Saskatchewan SHIP Agreement
Management Committee Meeting

July 9, 2003
Teleconference

Attendees

Jim Lothrop, Jim Clarkin, Fred Antunes, Miranda Carlberg, Andrea Fisher

Agenda

1.0 Opening Remarks

2.0 Approval of last Management Committee Meetings Minutes

3.0 Update on SHIP projects
- 3.1 Current Projects
- 3.2 Unallocated Funds

4.0 Status of Annual Audit/Annual Report

5.0 Comments on Management Committee Guidelines

6.0 Finances to Year-end: Requirement to update Schedule B

7.0 Potential Planning and Evaluation Studies

8.0 Annual Report and Data

9.0 Other Items

Canada-Saskatchewan SHIP Agreement
Management Committee Meeting

Note Taker: Mala Kissner

Attendees: Jim Lothrop, and Jim Clarkin of Transport Canada attending in Ottawa

Fred Antunes, Miranda Carlberg and Andrea Fisher of Saskatchewan Highways and Transportation (Saskatchewan Highways) attending in Regina

Agenda

1.0 Opening Remarks

The attendees at the Canada – Saskatchewan SHIP Agreement Management Committee meeting were introduced.

Saskatchewan Highways was advised that Jim Lothrop had been nominated by Management Committee co-chair Ralph Jones to act on his behalf.

Action Items: none	***Person Responsible:***	***Deadline:***
	none	n/a

2.0 Approval of last Management Committee Meeting Minutes

Minutes for the February 11, 2003 Management Committee meeting (dated June 27, 2003) were approved by the co-chair and acting co-chair.

3.2 Unallocated Funds

Discussion:

The Management Committee discussed the unallocated funds noted on Schedule B. SHIP may be used to subsidize the federal contribution to twinning Highway 1 East and Highway 16 West under the Canada Strategic Infrastructure Fund program.

A project proposed by Saskatchewan Highways in December 2002, widening Highway 16 west of North Battleford, has been tendered and is currently underway. It would therefore not be an eligible project for SHIP.

Transport Canada suggested having the funds remain unallocated at present, and revisiting the issue at the fall Management Committee meeting.

Action Items:	***Person Responsible:***	***Deadline:***
The funds will remain unallocated at this time.	none	n/a

4.0 Status of Annual Audit/Annual Report

Discussion:

Saskatchewan Highways reported that the 2002 audit report is in final review at Saskatchewan's Provincial Auditor's office. The Audit Report would perhaps be provided to Saskatchewan Highways as early as early as July 18, 2003.

A draft version of the 2002 annual report is being circulated for comments within Saskatchewan Highways before finalization.

Transport Canada asked to review the draft annual report, and also requested that the final version, including the Audit Report, be submitted for review by July 29, 2003.

Action Items:	***Person Responsible:***	***Deadline:***
Saskatchewan Highways will arrange for the draft and final 2002 SHIP annual reports to be submitted to Transport Canada.	Miranda Carlberg	July 29/03

5.0 Comments on Management Committee Guidelines

Discussion:

The Committee discussed Transport Canada's request for comments on Management Committee guidelines provided to Saskatchewan Highways at the February 11, 2002 Management Committee meeting.

Saskatchewan Highways provided comments on Management Committee guidelines in April 2003. These comments are under review by Transport Canada.

Action Items:	***Person Responsible:***	***Deadline:***
Transport Canada will review Saskatchewan's Highways comments on the Management Committee guidelines and work toward a final version.		

6.0 Finances to Year-end: Requirement to update Schedule B

Discussion:

Saskatchewan Highways advised that the last revision (Revision #6 – April 13) to the Schedule B was out of date. Expenditures shown were based on pre-tender estimates for several projects. A new revision to Schedule B is required.

Transport Canada asked that the Schedule B be updated as soon as possible.

Action Items:	***Person Responsible:***	***Deadline:***
Saskatchewan Highways will update Schedule B with current estimated expenditures for the projects.	Miranda Carlberg	July 31/03

7.0 Potential Planning and Evaluation Studies

Discussion:

Transport Canada inquired if Saskatchewan Highways intended to propose Planning and Evaluation Studies in the current year, as funds are shown in the breakdown of expenditures of the current Schedule B.

Saskatchewan Highways advised that they would discuss proposals internally, and forward project proposals and cost estimates for any likely candidates. One percent of the SHIP funding is allocated to Planning and Evaluation; a retrospective analysis must be funded from this allotment.

Action Items:	***Person Responsible:***	***Deadline:***
Saskatchewan Highways will forward any potential planning and evaluation projects to Transport Canada for review, and/or will revise Schedule B accordingly	Miranda Carlberg	Fall meeting

8.0 Annual Report and Data

Discussion:

The annual report status was fully covered under Item 3.0.

Transport Canada was satisfied with the National Highway System data provided by Saskatchewan Highways.

Action Items: none	***Person Responsible:***	***Deadline:***
	none	n/a

9.0 Other Items

Discussion:

Saskatchewan Highways mentioned that it is not possible to enter Claim 4 into HCoMS, and that the program is showing a holdback. Transport Canada committed to resolve the issues.

Transport Canada provided an update on the status of the Canadian Environmental Assessment Act Screening for the Canada Strategic Infrastructure Fund Projects. Environment Canada would provide input on Environmental Protection Plan requirements. Transport Canada would forward this as soon as possible. The approval date for the CEAA screenings should be around July 18, 2003.

Transport Canada proposed that Management Committee meetings be held in the spring and fall of each year. A date for the fall meeting will be selected in late summer.

Action Items:	***Person Responsible:***	***Deadline:***
Transport Canada will resolve HCoMS issues as soon as possible and advise Saskatchewan accordingly. Saskatchewan Highways will propose a date for a fall management committee meeting.		

Canada-Saskatchewan SHIP Agreement
Management Committee Meeting

October 30, 2003
Teleconference

Attendees
Jim Lothrop, Jim Clarkin, Fred Antunes, Miranda Carlberg, Andrea Fisher

Agenda

Opening Remarks
1.0 Approval of last Management Committee Meeting Minutes

2.0 Update on SHIP projects

2.1 Current Projects
2.2 Planning Studies
-TAC Erosion Control Manual
-Southern Region Planning and Evaluation proposals
2.3 Unallocated Funds
-SHIP projects for 2004-05

3.0 Status of Annual Audit/Annual Report

4.0 Comments on Management Committee Guidelines

5.0 Finances and Update to Schedule B (HCoMS issues)

6.0 New Personnel

7.0 Other Items
7.1 Communications Event
8.0 Adjournment

Canada-Saskatchewan SHIP Agreement
Management Committee Meeting

Note Taker: Carol Stulberg

Attendees: Jim Lothrop, and Jim Clarkin of Transport Canada in Ottawa

Fred Antunes, and Andrea Fisher of Saskatchewan Highways and Transportation (DHT) in Regina

Miranda Carlberg of DHT in Saskatoon

Opening Remarks

The attendees at the Canada – Saskatchewan SHIP Agreement Management Committee meeting were introduced.

Saskatchewan Highways was advised that Jim Lothrop had been nominated by Management Committee co-chair Ralph Jones to act on his behalf.

Action Items: none	***Person Responsible:*** none	***Deadline:*** n/a

1.0 Approval of July 9, 2003 Management Committee Meeting Minutes

One outstanding item – Review of Management Committee Guidelines that will be reviewed in today's agenda item #4. Minutes for the July 9, 2003 Management Committee meeting were approved by the co-chair and acting co-chair.

2.0 Update on SHIP projects

a) Current Projects

Saskatchewan Highways provided a brief report on the current SHIP projects.

Project 1.1 - Highway 16 Twinning through Lashburn – The project is complete. The final estimate is in progress.

Project 1.2 - Highway 16 Approach Roads to the Battlefords Bridge – The project is substantially complete. Some carry-over work is expected in the next fiscal year (installation of overhead sign and clean-up).

Project 4.1 - Paving 23 km between Tompkins and Piapot – The roadway was opened to traffic October 27th 2:00 pm. A little paving may be left, as well as minor trimming and seeding will be carried over to the next year.

Project 4.2 - Grading and Paving 15 km between Piapot and the Junction with Highway 21 – The roadway was opened to traffic October 27th. Again, minor trimming, clean up and seeding will be carried over to the next fiscal year.

Action Items: none	***Person Responsible:***	***Deadline:***

b) Planning and Evaluation Studies

Discussion:

Highway 16 to Clavet Functional Planning Study – The study had been awarded, and would be complete March 15th, 2004.

Highway 7 and 14 Intersection Study - The study would be awarded November 10th, and would be complete this fiscal year.

Saskatchewan advised that the Southern Region had revised two functional planning study proposals and they had been submitted to Transport Canada. Transport Canada would follow-up on status of the reports.

DHT's Allan Widger had discussed Transportation Association of Canada (TAC) Erosion Control Manual funding with Ralph Jones. Transport Canada advised that they typically would provide funds for such a project from a central source, but may also fund the project bilaterally with the provinces (but not both). Transport Canada committed to clarifying the situation, and following up in writing.

Saskatchewan Highways inquired as a matter of interest if the highway construction component of SHIP would fund a Road Weather Information System (RWIS) Implementation Plan (the RWIS initiative itself would NOT be funded under the highway construction component, but the ITS component of SHIP). Alberta Transportation may have had this arrangement approved. Transport Canada committed to follow-up.

Action Items:	***Person Responsible:***	***Deadline:***
Transport Canada will follow-up on status the Southern Region planning and evaluation proposals and advise DHT	Jim Clarkin	1 week
Transport Canada will follow-up with Ralph Jones in regards to discussions on funding the TAC Erosion Control Manual and advise DHT	Jim Lothrop	Week of Nov 3rd
Transport Canada will follow-up on whether Alberta has had RWIS Implementation Plan funded under the SHIP Highway Construction Component	Jim Lothrop	

c) Unallocated Funds

Discussion:

DHT would like to complete the SHIP agreement next fiscal year by completing projects under the twinning initiative (to twin Highway 1 East and Highway 16 West). Transport Canada expressed concerns about the perception of completing the program early, and about the allocation of funds. As well, a different federal approval structure exists between Canada Strategic Infrastructure Fund (CSIF) and SHIP programs (the federal Minister of Transport must approve SHIP projects, and federal Treasury Board had already approved the CSIF projects). A business case submission for SHIP projects would be required from DHT, but another environmental assessment submission would not be required.

DHT has paving projects planned for tender in December, and grading projects planned for tender in February:

- Paving Highway 16 West from the end of 4-lane to 5 km east of Delmas
- Paving Highway 1 East from 5 km west of Grenfell to 5.9 km west of Broadview
- Grading Highway 1 East from 3 km west of Whitewood to 5.9 km west of Broadview (including embankments for the railroad overpasses)

DHT notes the federal cost-shared program on our tender schedule – and could note CSIF, SHIP or both. Transport Canada would advise on an acceptable process within 2-3 weeks. A tentative plan would be to have the paving for Hwy 1 and 16 be allocated to CSIF (to be tendered in December) and grading directed to SHIP (to be tendered in February).

3.0 Status of Annual Audit/Annual Report

Discussion:

The 2003-03 SHIP Annual Report (including Audit Report) was received, reviewed and approved by Transport Canada. Transport Canada would provide written confirmation to that effect.

Transport Canada proposed that the 2003-04 SHIP audit apply to the financial component of the program. DHT agreed.

Action Items:	***Person Responsible:***	***Deadline:***
Transport Canada will provide written confirmation of acceptance of the 2002-03 SHIP Annual Report.	Jim Lothrop	

4.0 Comments on Management Committee Guidelines

Discussion:

The federal auditor required that guidelines exist for Transport Canada contribution agreement management committees. Transport Canada provided draft guidelines for the Canada-Saskatchewan SHIP Management Committee's guidance at the first meeting on February 11, 2003 (the inaugural Management Committee meeting). DHT provided comments on the guidelines for Transport Canada's consideration. Transport Canada will review those comments and provide a final version of the Management Committee guidelines to the members of the Management Committee.

Action Items:	***Person Responsible:***	***Deadline:***
Transport Canada will review DHT's comments, then finalize and forward a final version of the SHIP Management Committee guidelines.	Jim Lothrop	Nov 14/03

5.0 Finances and update to Schedule B (HCoMS issues)

Discussion:

The HCoMS (Highway Contribution Management System) was revised early in the fiscal year. The new revision automatically assigns "previous expenditures" as the approved claims to date. This process does not account for accruals and PAYE (payment after year-end) amounts. These amounts are assigned to "future expenditures" in the program, which is incorrect.

DHT voiced concerns that HCoMS was the mechanism by which the official Schedule B for the SHIP agreement is generated, and signed by the co-chairs, and that this development would cause the Schedule B to be incorrect. DHT suggested that the official Schedule B need not be created in HCoMS.

Transport Canada suggested alternatively, a footnote be incorporated in HCoMS to explain the discrepancy, as a central system for managing SHIP needed to be used. It could be added to the form by Transport Canada technical staff. DHT expressed concerns that this would raise questions during the annual audit, and would cause concerns with internal DHT financial staff. As Transport Canada can electronically code HCoMS fields that DHT can not, they could change "previous expenditures" to include the PAYE amount.

Action Items:	***Person Responsible:***	***Deadline:***
DHT will prepare an update Schedule B, and will provide it to Transport Canada.	Miranda Carlberg	Nov 30/03
Transport Canada will arrange for the "previous expenditures" field to be updated by their technical staff.	James Clarkin	
DHT and Transport Canada will approve the revised Schedule B, making special efforts to document accrual and PAYE transactions to provide an appropriate audit trail.	DHT and Transport Canada	

6.0 New Personnel

Discussion:

Transport Canada welcomed Andrea Fisher as the new SHIP contact for Saskatchewan. Fred Antunes explained that DHT had realigned so that the Corporate Support Branch (CSB) would be administering all federal provincial agreements for the department. The Policy branch would still handle the negotiations of new agreements, and initial arrangements until the agreement in question was signed.

Transport Canada requested a consistent contact person within DHT for all Canada-Saskatchewan cost-shared programs.

Action Items:	***Person Responsible:***	***Deadline:***

7.0 Other Items

Discussion:

Transport Canada expressed dismay at the unilateral announcement of the completion of the twinning of Highway 1 West by the Minister of Highways and Transportation. The SHIP agreement stipulates that press releases or opening ceremonies of SHIP projects must take place after 30 days prior notice, and Transport Canada must have an opportunity to participate.

DHT stated that no official announcement of completion or opening of the project had occurred, but Transport Canada's concerns with the media attention were duly noted. DHT committed to working with Transport Canada on an official opening in November.

Action Items: none	***Person Responsible:***	***Deadline:***

Canada-Saskatchewan SHIP Agreement
Management Committee Meeting

February 13, 2004
Teleconference

Attendees

Jim Lothrop, Jim Clarkin, Fred Antunes, Miranda Carlberg, Andrea Fisher

Agenda

Opening Remarks

1.0 Approval of last Management Committee Meeting Minutes

2.0 Update on SHIP projects

- 2.1 Current Projects
- 2.2 Planning Studies
  - -RWIS Implementation Study
- 2.3 Unallocated Funds
  - -Proposed projects on Highway 1 East and Highway 16
  - -Requirements for Project Approvals

3.0 Revised Management Committee Guidelines

4.0 Communications Event for Trans-Canada Highway 1 West

5.0 Finances and Update to Schedule B

- 5.1 Approval of revised project amounts and cash flows
- 5.2 Contract Authorizations
- 5.3 Approval of Schedule B

6.0 Other Items

7.0 Adjournment

Canada-Saskatchewan SHIP Agreement
Management Committee Meeting

Note Taker: Carol Stulberg

Attendees: Jim Lothrop, and Jim Clarkin of Transport Canada in Ottawa

Fred Antunes, and Andrea Fisher of Saskatchewan Highways and Transportation (DHT) in Regina

Miranda Carlberg of DHT in Saskatoon

Opening Remarks

The attendees at the Canada – Saskatchewan SHIP Agreement Management Committee meeting were introduced.

Saskatchewan Highways was advised that Jim Lothrop had been formally nominated by Management Committee co-chair Ralph Jones to act on his behalf.

Action Items: none	***Person Responsible:***	***Deadline:***
	none	n/a

1.0 Approval of October 30, 2003 Management Committee Meeting Minutes

Discussion on Action Items, RWIS which is discussed in Agenda Item 2.2. Minutes for the October 30, 2003 Management Committee meeting were approved by the co-chair and acting co-chair.

2.0 Update on SHIP projects

a) Current Projects

Saskatchewan Highways provided a brief report on the current SHIP projects.

Project 1.1 - Highway 16 Twinning through Lashburn – The project is complete.

Project 1.2 - Highway 16 Approach Roads to the Battlefords Bridge – The project is substantially complete. Some carry-over work is expected in the next fiscal year (installation of overhead sign, pavement marking and clean-up). Fred gave estimate of approximately $300,000.

Project 4.1 - Paving 23 km between Tompkins and Piapot – The roadway was opened to traffic October 27th at 2:00 pm. Minor clean-up and seeding may be carried over to next year.

Project 4.2 - Grading and Paving 15 km between Piapot and the Junction with Highway 21 – The roadway was opened to traffic on October 27th. Again, minor clean-up and seeding may be carried over to next fiscal year.

Action Items:	***Person Responsible:***	***Deadline:***
none		

b) Planning and Evaluation Studies

Discussion:

Central Region projects are underway, specifically the Intersection Study at Highway 7 and 14 and the Corridor Study of Highway 16 between Saskatoon and Clavet.

Southern Region will send out an RFP for the Corridor Study of Highway 1 between Regina and Balgonie in the 2004/2005 fiscal year.

Jim Clarkin advised that the Highway 1 planning and evaluation study had been set up for this year in HCoMS. Fred advised that he had corrected this.

Saskatchewan Highways inquired as a matter of interest if the planning study component of SHIP would fund a Road Weather Information System (RWIS) Implementation Plan (the RWIS initiative itself would NOT be funded under the highway construction component, but the ITS component of SHIP).

Transport Canada indicated that the installation of RWIS projects are eligible, but the study or preparation of an implementation plan would not be eligible.

Andrea explained that DHT's project is an implementation plan looking at the number of sites or stations required on the NHS. Transport Canada indicated it would not be eligible.

Action Items:	***Person Responsible:***	***Deadline:***

c) Unallocated Funds

Discussion:

DHT has had some discussion with the Regions and have identified three grading projects to be completed under SHIP. They include:

- ✓ Grading Hwy 1 East from 5.9 km west of Broadview to Broadview in 2004;
- ✓ Grading Hwy 1 East from Broadview to 3 km west of Whitewood in 2005; and
- ✓ Grading Hwy 16 from 10 km west of Paynton to 6 km east of Maidstone in 2005.

Andrea will send a one to two paragraph description of these projects once they have been finalized with the Regions.

Transport Canada advised they will use the benefit-cost analysis from the Highway 1 east and Highway 16 CSIF submissions, however the federal Treasury Board may request separate benefit-cost analysis for these projects.

Action Items:	***Person Responsible:***	***Deadline:***
Andrea to send description of SHIP projects	Andrea Fisher	

3.0 Revised Management Committee Guidelines

Discussion:

The federal auditor required that guidelines exist for Transport Canada contribution agreement management committees.

Transport Canada provided draft guidelines for the Canada-Saskatchewan SHIP Management Committee's guidance at the first meeting on February 11, 2003 (the inaugural Management Committee meeting).

DHT provided comments on the guidelines for Transport Canada's consideration.

Transport Canada reviewed those comments and provided a final version of the Management Committee guidelines to the members of the Management Committee.

Jim L. proposed that the guidelines be accepted. Agreed.

Action Items:	***Person Responsible:***	***Deadline:***

4.0 Communications Event for Trans-Canada Hwy 1 West

Discussion:

Andrea spoke with DHT Communications about a communications event for the opening of Highway 1 west. Because significant time has elapsed since the new lanes were opened on October 27th, 2003 DHT Communications will be recommending that there is no formal event but that the media release announcing the agreement has been signed explain the success of the partnership in accelerating the completion of Highway 1 west to 2003. Transport Canada agreed that the timing for a communications event had passed. DHT Communications will continue to work with their federal counterparts on communications activities.

Action Items:	***Person Responsible:***	***Deadline:***

5.0 Finances and update to Schedule B

a) Approval of revised project amounts and cash flows

Discussion:

Jim C. indicated the need to have documentation regarding the cost increases for the Auditors. The information provided within the last two weeks has provided the rational for the increase - a low initial programming estimate, and further increases at the design and tender stages.

Jim L. indicated that the cost increases would be approved by Transport Canada but asked that DHT revisit the numbers in Schedule B to ensure they are sufficient so that Schedule B would not have to be changed in the near future.

Fred indicated that in the future DHT would ensure that the Schedule B is updated in a timely manor and that updates would coincide with tender awards.

Andrea indicated that because the end date for Project 1.2 - Highway 16 Approach Roads to the Battlefords Bridge was in fiscal year 2003-04, Schedule B could not reflect the carryover work.

Jim C. indicated he would override the end date in HCoMS immediately after the conference call so that the carryover costs could be reflected in fiscal year 2004-05 in the Schedule B.

For future work, Fred indicated it would be simpler for DHT to forecast and for the Auditors to track if the number of contract authorizations under each project was minimized. Fred recommended that one contract authorizations be set-up for each unique project number DHT has for the cost-shared project. DHT would be able to provide a spreadsheet with a breakdown of expenditures, by materials, sundries, etc., for each unique project number if Transport Canada needed.

Jim L. indicated that there should be no problem using DHT project numbers for the contract authorizations.

Action Items:	***Person Responsible:***	***Deadline:***

b) Contract Authorizations

Discussion:

Andrea indicated that once the Schedule B is approved she would update the contract authorizations immediately.

Jim L. commented that there is a need to start making payments. DHT was in agreement.

Jim L. asked that once the additional SHIP projects are finalized that they be added to the Schedule B and we arrange another Management Committee meeting with the next few months, prior to spring.

Jim L. asked if DHT could complete Affidavits for any of the SHIP projects and advised that Transport Canada can not release final payment until Affidavits are received.

Fred indicated DHT would complete Affidavits for the completed projects.

Action Items:	***Person Responsible:***	***Deadline:***
Fred will ensure Affidavits are sent in for all completed projects.	Fred Antunes	ASAP

c) Approval of Schedule B

Discussion:

Andrea will revisit the numbers in Schedule B to ensure they are sufficient so that Schedule B will not have to be changed in the near future, make the necessary changes and electronically approve Schedule B.

Once Schedule B is electronically approved by both parties DHT will sign and send it to Transport Canada.

Action Items:	***Person Responsible:***	***Deadline:***
Update and electronically approve Schedule B in HCoMS.	Andrea Fisher	ASAP

6.0 Other Items		
Discussion:		
No other items		
Action Items:	***Person Responsible:***	***Deadline:***

7.0 Adjournment		
Action Items:	***Person Responsible:***	***Deadline:***
None		

APPENDIX C

2003-04 Audit Report

DEPARTMENT OF HIGHWAYS AND TRANSPORTATION
CANADA – SASKATCHEWAN STRATEGIC HIGHWAY
INFRASTRUCTURE PROGRAM

SCHEDULE OF DETAILED EXPENDITURES

YEAR ENDED MARCH 31, 2004

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V7

Phone: (306) 787-6398
Fax: (306) 787-6383
Web site: www.auditor.sk.ca
Internet E-mail: info@auditor.sk.ca

AUDITOR'S REPORT

To: The Minister of the Department of Highways and Transportation

At the request of the Department of Highways and Transportation (the Department), I have audited the schedule of detailed expenditures under the Canada – Saskatchewan Strategic Highway Infrastructure Program Agreement (as defined in Schedule C of the agreement) for the year ended March 31, 2004. This schedule is the responsibility of the management of the Department. My responsibility is to express an opinion on this schedule based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In my opinion, this schedule presents fairly, in all material respects, the detailed expenditures under the Canada – Saskatchewan Strategic Highway Infrastructure Program Agreement for the year ended March 31, 2004 in accordance with the provisions of Schedule C of that agreement.

Regina, Saskatchewan
April 30, 2004

Fred Wendel, CMA, CA
Provincial Auditor

CANADA - SASKATCHEWAN STRATEGIC HIGHWAY INFRAST
SCHEDULE OF DETAILED EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2004

Project Number	SHIP Project	Contract Authorization	Revised Contract Amount	2002-03 Expenditures Claimed To Date
[illegible]	[illegible]			
		[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]
			[illegible]	[illegible]
[illegible]	[illegible]			
[illegible]		[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]
			[illegible]	[illegible]
	[illegible]			
		[illegible]	[illegible]	[illegible]
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		[illegible]	[illegible]	[illegible]
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		[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]
			[illegible]	[illegible]
[illegible]	[illegible]			
[illegible]		[illegible]	[illegible]	[illegible]
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		[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]
			[illegible]	[illegible]
	PROGRAM TOTAL		$ 28,724,745	$ 12,529,999

[illegible]

ICTURE PROGRAM

Claim 5 Expenses (100%)	2003-04 Expenditures Claimed To Date	Total Claimed To Date	Federal Share	Contract Balance
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Canada - Saskatchewan Strategic Highway Infrastructure Program
Notes to the Schedule
March 31, 2004

1. **Description of the Agreement**

The purpose of the Canada - Saskatchewan Strategic Highway Infrastructure Program agreement between the Department of Highways and Transportation and Transport Canada is to enable federal capital investments in new construction, rehabilitation or improvements of part of the National Highway System situated in Saskatchewan.

2. **Summary of Accounting Policies**

Expenditures

Expenditures are recorded on the cash basis of accounting.